

N X 3825

(b) (1)  
(b) (3)

~~SECRET~~

THE DIRECTOR OF  
CENTRAL INTELLIGENCE

National Intelligence Council

6 February 1987

NOTE FOR: Richard Melton  
Director, Office of Central  
American Affairs/ARA  
Department of State

FROM:

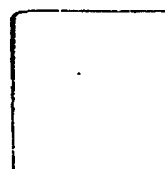
NIO/LA

Attached is the CIA response to  
National Security Study Directive on  
Central America.



Attachment:  
as stated

cc: C/NIC



~~SECRET~~

APPROVED FOR RELEASE  
DATE: NOV 2005

92087 10858

~~SECRET~~

6 February 1987

SUBJECT: CIA Response to National Security Study Directive on  
Central America

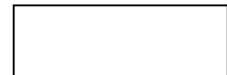
## II. THE AID TO THE NICARAGUAN RESISTANCE PROGRAM

B. Impact of the Program: The likely effect of our \$100 million program on the political and military capability of the Nicaraguan resistance; the prospects for the resistance, given sustained US support, by the end of this Administration.

The military outlook for insurgency in Nicaragua over the next two years is likely to be significantly affected by whether the rebels are able to obtain sustained US military aid and training assistance. Under the current \$100 million program, US training assistance, strategic advice, and tactical planning, along with better intelligence, are laying the groundwork for substantial improvement in insurgent capabilities over time. With adequate logistic support, better management, and improved delivery capability to field commanders, the insurgents will most likely be able to sustain a large force presence inside Nicaragua over the next six months. One important result may be the reactivation of fronts along the Atlantic Coast and southern Nicaragua, which would put further strains on Sandinista resources.

Although the insurgents are unlikely to achieve a decisive military victory within the next two years, the delivery and effective use of sustained assistance would provide the insurgents the wherewithal to expand their forces--now estimated at about 20,000--and to regain and hold the initiative. Under such circumstances, the level of fighting probably would intensify considerably, and the Sandinistas will be forced to mobilize large numbers of reserve and militia units to protect vital economic targets and logistical infrastructure, thereby raising the overall cost of the conflict. Nevertheless, the conflict is still likely to be confined primarily to the rural areas of central and eastern Nicaragua, and the insurgents probably will continue to avoid trying to control and defend large areas or to capture and hold major towns for more than short periods.

Sustained US aid should be a positive factor in helping the insurgency and its political leadership to demonstrate their viability to the general population. With better training and intelligence support, the insurgents should be able to conduct operations against key targets in the more heavily populated areas of western Nicaragua. They will have to significantly improve their counterintelligence capabilities, however, if they are to circumvent the Sandinistas' efforts to prevent the formation of urban support networks and avoid compromise of operational plans.



~~SECRET~~

~~SECRET~~

A key variable for the prospects of the insurgency will remain the ability of the political leadership to achieve greater unity, develop a more effective political strategy, and establish better links to the internal opposition in order to mobilize greater popular support. This has been a major weakness so far, despite growing popular dissatisfaction with the Sandinista regime. Increased insurgent military success coupled with a viable and effective political program probably would begin to shift the balance from the current stalemate to the insurgents' favor. We believe this is unlikely to happen within the next year, but there is a chance such a shift may occur before the end of 1988.

The insurgents rely heavily on the rural population for recruits, intelligence, and various kinds of support. The overall size of the insurgency and resistance commanders' reports of popular backing in the countryside attest to the considerable discontent with the Sandinistas. The peasants' resentment of the regime stems largely from its intrusion into their lives through agricultural collectivization, control over access to credit, resettlement programs, military conscription, and antichurch policies. Developing this base of potential political support is critical to the insurgents' ability to expand operations inside Nicaragua.

A stronger and more viable insurgency, along with the higher economic costs involved in fighting it, would place increased pressure on the Sandinistas to make negotiating concessions. Although initially, Managua is likely to continue to take a hard line and refuse to make any significant concessions either in the Contadora talks and with the internal opposition, over time this resolve may weaken. Much will depend on the ability of the insurgency to increase its political viability and to bring the war closer to major urban areas in western Nicaragua. In the event the insurgency becomes both a greater political and military threat, Managua may be tempted to accept a less advantageous Contadora Treaty or other diplomatic initiatives in an effort to end its external support. Nevertheless, such a treaty may fall short of minimal US objectives for a regional peace settlement, especially on internal reconciliation and democratization. Finally, there is some possibility that no amount of guerrilla military pressure will induce the Sandinistas to make fundamental concessions, and they may decide to settle the issue on the battlefield.

We believe a less effective insurgency, without sustained US support, would greatly reduce Sandinista incentives to make any negotiations concessions in the Contadora context, and it would improve their ability to reach advantageous bilateral agreements. Although Managua publicly argues that it cannot make any concessions while subject to external aggression, we do not believe they would be significantly more conciliatory were the insurgency weakened. The Sandinistas may be willing to undertake a dialogue with the internal opposition to satisfy international public opinion, but the terms would essentially be over what trappings of pluralism, private enterprise, and political nonalignment they would allow to remain. Honduras and Costa Rica, for their part, would be more likely to conclude bilateral agreements with Managua, thereby undermining the Conadora process. Alternatively, Nicaragua may be able to conclude a much more advantageous Contadora Treaty.

~~SECRET~~

## V. THE SANDINISTA REGIME

### A. The capability of the Sandinista regime to improve its counterinsurgency efforts and to suppress the internal opposition.

Since 1985, the Sandinistas have anticipated an expanded insurgency and have moved aggressively to meet the challenges of increased fighting and eroding popular support for the regime by enhancing their military capabilities, strengthening the internal security apparatus, and developing various social programs to discourage local support for the rebels.

Although the Sandinistas will almost certainly continue their military buildup in the coming year, we foresee little dramatic change in their overall force structure. They have already formed about a dozen special counterinsurgency battalions and another dozen smaller "hunter" battalions to prosecute the conflict, and rely on local militia to protect economic and logistic targets. They appear confident that their ground forces are operating effectively, and we expect training to receive greater emphasis. We also expect the military to construct more forward bases and roads to enhance resupply efforts and troop mobility.

We believe military assistance from the Soviet Union and Bloc countries--especially Cuba--will keep pace with the growing insurgency. Over the past year, equipment deliveries reached their highest levels--over \$600 million worth--with the emphasis on improving mobility and logistical resupply capabilities for counterinsurgency operations. By the end of 1986, the Sandinistas had received a total of about 30 helicopters, including six MI-25 helicopter gunships. Cuba also continues to provide advice and training.

There are some limits, however, to the Sandinistas' ability to assimilate and maintain what they have. Pilot inexperience and poor maintenance resulted in the loss of about ten aircraft last year. Moreover, the average vehicle reportedly remains operational for only four months, helicopter maintenance is inconsistent and fuel supplies stored at forward air bases are frequently contaminated. Combat units have long been undermanned and draft evasion and desertion are widespread, and a prolonged war would severely strain Nicaragua's ability to expand its current active duty force strength of some 70,000. In particular, the Sandinistas would be stretched particularly thin if they were forced to mobilize the bulk of their reserve and militia units to defend against an effective insurgent sabotage campaign.

We expect continued growth in the Interior Ministry's internal security apparatus--the key to the regime's counterinsurgency strategy.  the Interior Ministry's ability to contain growing domestic discontent and ferret out active rebel sympathizers expanded significantly over the past two years. Its informant network now numbers some 3,000--one third of whom are targeted against insurgent forces--and well over 2,000 Nicaraguans were arrested last year for providing food, medicine, or intelligence to the rebels. The security forces use draconian

~~SECRET~~ [ ]

measures, often interrogating entire villages suspected of collaboration, and [ ] the arrests of local sympathizers has discouraged assistance efforts while fostering the image of all pervasive security forces.

Sandinista penetrations of the rebel movement--some apparently at a high level--have compromised numerous operations and could significantly hamper the insurgents' long-range military planning. [ ]

The state of emergency--in force since 1982 and recently extended following the signing of the new constitution in early January--puts severe constraints on domestic political opposition. The Sandinista internal security service has devoted substantial resources to undercutting the organized political opposition and by the end of 1985 every independent political party, labor union and private sector group reportedly had been penetrated and their telephones tapped. Hundreds of second echelon party officials have been detained and many have fled the country. Moreover, dissident--mostly foreign born--have been harrassed, several key church leaders have been forced into exile, and the regime often uses a special "Catholic Police" unit to disrupt church gatherings.

The Sandinistas--well aware of the regime's declining popular base--have shifted their attention and resources away from the relatively secure cities to rural Nicaragua where peasant loyalties are critical to the progress of the war. Land reform has given thousands of rural Nicaraguans a stake in the survival of the regime and more confiscations are almost certain. With substantial assistance from Bloc and West European donors, the Sandinistas also have sustained at least in part various social programs initiated in the early 1980s. Such aid and the Sandinistas' willingness to divert resources from the cities should allow it to avoid dramatic--and political damaging--decline in the delivery of essential services.

A key Sandinista priority is likely to be attempts to pressure Honduras and Costa Rica to deny sanctuary and support to the rebels, through both diplomatic and military means. Managua probably will launch new cross-border military operations against insurgent base camps and staging areas in Honduras, even at the risk of provoking retaliation. Finally, Nicaragua is likely to continue its covert support to neighboring radical groups and encourage other subversive acts to raise the cost of support to their external opponents. There is a particular danger of sabotage and terrorist attacks in Honduras in response to increased insurgent successes in Nicaragua.

~~SECRET~~ [ ]